- A7485-1 U -

BEST COPY AVAILABLE

1983 - 1984 FINANCIAL SURVEY

THE COST OF DOING BUSINESS

For Retail Sporting Goods Stores

Prepared for the
NATIONAL SPORTING GOODS ASSOCIATION
1699 Wall St., Mt. Prospect, Illinois 60056
312/439-4000

by

DR. E. LAIRD LANDON, JR.
College of Business Administration
University of Houston

Copyright 1984

by the

NATIONAL SPORTING GOODS ASSOCIATION
1699 Wall Street, Mt. Prospect, Illinois 60056
(312) 439-4000

All rights in this book are reserved. No part of this book may be used or reproduced in any manner whatsoever without written permission from the National Sporting Goods Association, except in the case of brief quotations embodied in critical articles and reviews. For permission or information, contact Thomas B. Doyle, Director of Information, Research & Public Relations of the above Association.

TABLE OF CONTENTS

Introduction 4

Income Statements and Productivity Ratios. 6

By Sales Volume 9

By Profitability. 17

By Number of Stores 23

By Selling Space. 29

By Region of the Country. 33

By Full Line vs. Specialty. 40

By Amount of Team Business. 45

Worksheets 51

For Percentage of Net Sales 52

For Percentage of Total Operating Expenses. 54

For Productivity Measures 56

Coding of Miscellaneous Items. 59

INTRODUCTION

For 30 years, NSGA has conducted a Cost of Doing Business Survey. The study reports the most comprehensively available financial data on the retail sporting goods industry. This study provides information for retailers to improve the operating performances of their businesses. By comparing composite figures on expenses and sales, retailers can highlight areas of excellence and identify problem areas. With this information, they can seek to increase their profit through managerial decisions.

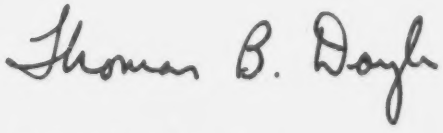
A cover letter was included with a questionnaire and return envelope. This mailing occurred in early April of 1983. The cover letter asked respondents to complete a brief questionnaire and return the questionnaire along with an income statement for the 1982 fiscal year. Two weeks later a reminder post card was sent. Three weeks after the reminder post card, a second letter was sent with another copy of the questionnaire.

Approximately 4,000 questionnaires were mailed. We received 1,047 completed questionnaires. The response rate is just over 25%. The questionnaire asked for sensitive financial data and was not fun to fill out. The 25% return in this Cost of Doing Business Survey is quite acceptable.

Of the 1,019 questionnaires which were returned, 320 included an income statement. The 320 income statements represent a 4% increase from the response to the previous Cost of Doing Business Survey.

Because different charts of accounts are used by sporting goods retailers, great care was taken in coding. One experienced professional researcher did all coding so no differences in coding could result from differing interpretations by coders. Some coding decisions were necessarily arbitrary due to lack of information. A list of these unusual items and how they were coded is presented on page 59. Consistent, accepted accounting procedures were followed always.

Dr. E. Laird Landon, Jr.
Univerity of Houston, Project Director



Thomas B. Doyle
NSGA Director of Information & Research

INCOME STATEMENTS AND RATIOS

This section presents operating statements for sporting goods dealers by low, medium, and high sales; low, medium, and high profit as a percentage of sales; one-store and multi-store firms; low and high square footage firms (single store only); Western, South Central, North Central, and Eastern regions; full line and specialty dealers; and team and non-team dealers (full line firms only). Full line stores with more than 24% of sales in team business were classifed as "team" businesses, and firms with 0% to 24% of sales in team sales were classifed as "non-team" businesses.

Each income statement shows income and expense averages for all respondents in the category. Operating expenses are presented both as a percentage of sales and a percentage of total operating expenses. A retailer can estimate the dollar expense of the average retailer in his category by multiplying the percentage of sales expense by his own net sales figure. In addition, the retailer can determine the relative importance of expenses by comparing his own percentage of total operating expense categories to the average percentage of total operating expenses in his category. The percent of total operating expense figures are presented in the far right column of each table. All other percentages are of total net sales.

The retailer will find several relevent income statements in this section: one for his size category of sales, one for his category of profit, one for his number of stores, one for his category of total square feet (only for single store firms), one for his region, one for his type of product line, and one for his category of team business (only for full line firms). Each of these relevant income statements can give some insight into expenses of other retailers who are in that group. The worksheets let the retailer put all percentages in one place to make comparisons easier.

At the end of each set of income statements is a group of figures which measure components of operating productivity. Sales and profit per employee and sales and profit per selling square foot are listed. These figures are presented for each category (for example, low, medium, and high sales). These figures combine sales with the two largest expense categories, salaries and rent, to produce useful productivity measures.

Also presented are averages for the number of total equivalent employees per store and the total selling square

feet per respondent. Because respondents have an average of 1.5 stores each, you should keep in mind that total selling square feet are not on a per store basis (except for the small store-large store breakdown). In this breakdown, only single store respondents were used.

Inventory turnover shows the number of times the average investment in inventory is sold each year. It is measured here by dividing cost of goods sold by ending inventory. It can be a useful measure to show how slowly inventory is moving and thus if excessive amounts of capital are tied up in inventory.

Many factors affect the calculation of inventory turnover, so caution should be used in interpreting the averages. First, year end statements of inventory may not represent the average inventory throughout the year, and may be affected by when retailers choose to end the fiscal year. Second, the method of valuing inventory can greatly affect the figure. If LIFO (last in, first out) is used, the value of the inventory can continually change in periods of inflation and will be higher that the FIFO (first in, first out) method. If the retail method (value at sales price, not cost) is used turnover will be lower than other methods because inventory value is highest.

In light of these issues the average inventory turnover figures must be used with caution. It is probably prudent to look only at changes in turnover figures from year to year, not at the absolute difference between one firm and the industry average.

The final productivity measure shows total income before taxes as a percentage of sales. It is a good overall measure of the firm's efficiency, but does not consider return on invested capital. It can be used to identify the pricing (gross profit margin) and operating expense factors that lead to high profit performance.

The worksheet section allows you to calculate each productivity measure for your firm. Tracking them over time is a useful way to keep on top of changes in performance.

Income Statements & Productivity Ratios

by Sales Volume

SALES VOLUME

Table 1 shows the breakdown of sales for the responding retailers. Half of these NSGA members had sales above $500,000.

TABLE 1

Total Sales

Less Than $100,000	3%
$100,000 - $ 199,999	11
$200,000 - $ 299,999	11
$300,000 - $ 499,999	25
$500,000 - $ 999,999	26
$1,000,000 - $4,999,999	20
$5,000,000 or more	4
	100%

Table 2 shows the gains and drops in sales compared to the previous year. Twenty-one percent of the sample had a gain over 15% on sales and 71% reported some gain. Only 6% reported drops of more than 10% in sales. On average, then, this past year showed higher sales but only about one third had growth above 10%.

TABLE 2

Changes in Sales from Previous Year

Up over 15%	21%	
Up 11 - 15	15	71%
Up 6 - 10	21	
Up 1 - 5	14	
About the Same	6	6
Down 1 - 5%	7	
Down 6 - 10	10	23
Down 11 - 15	5	
Down over 15	1	
	100%	100%

The summary income statements in Table 3 break down profit by store sales into three categories, and also compare these figures to 1980 Cost of Doing Business results. In 1980, stores with medium sales ($300,000 to $1 million sales) were the most profitable, but in 1982 the larger firms were the most profitable. Profit as a percentage of sales rose from 3.9% to 6.08% for large stores due to increased gross profit margin (up .8%), decreased operating expenses (down .6%) and an improvement in adjustments (up .8%). The large increase in profit comes from across the board improvement.

Smaller stores lost ground (3.9% vs 4.8%) over the last two years due primarily to a reduction in gross margin (down 1.2%). These stores have not been able to pass along higher merchandise costs to their customers. On the other hand, medium size stores have maintained gross margin (up .7%), but have incurred higher operating costs (up 1.0%). These higher costs, along with higher adjustment costs (up .4%) have more than offset the modest gross margin increase.

TABLE 3

Sales

	Under $300,000		$300,000-1 mil		Over $1 million	
	1982	1980	1982	1980	1982	1980
Gross Profit	34.58	35.73	34.95	34.27	34.13	33.33
Total Operating Expenses	29.52	29.78	29.63	28.63	28.49	29.10
Net Operating Profit	5.06	5.95	5.32	5.64	5.64	4.23
Adjustments	(1.18)	(1.20)	(.91)	(.51)	.44	(.33)
Income Before Income Taxes	3.88	4.75	4.41	5.13	6.08	3.90

The complete composite income statements for these groups of stores show specific expense categories. Wages and rent continue to be the largest expense categories. The trend for wages as a percentage of sales increases as sales increase (40.3%, 47.3%, and 52.7%, respectively).

The tendency for small stores to be proprietorships and perhaps not report all owners' compensation as a wage expense, may explain part of the trend. Rent plus depreciation has an opposite trend: large stores have lower percentage expenditures (12.2%, 15.4%, and 17.0%, respectively).

The sum of these two expense categories account for over one half of all operating expenses. The total is smaller for small retailers (57.3%, 62.7%, 64.9%, respectively).

The productivity ratios reveal further insights about employee and space resources. These ratios do not reflect the differences in expenses; they measure the productive uses of employees and space. Smaller retailers do not get as much sales or profit from each employee as do larger retailers. Similarly, sales and profit per selling square foot are smaller for smaller stores.

SALES UNDER $300,000

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.42	
Gross Profit		34.58%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	11.89%		40.29%
Payroll Taxes	.79		2.68
Licenses and Other Tax	1.03		3.49
Advertising and Promotion	2.61		8.84
Professional Services	.91		3.08
Rent	3.78		12.82
Repair and Maintenance	.54		1.84
Utilities	1.12		3.81
Auto and Delivery	.80		2.64
Depreciation	1.23		4.15
Store and Office Supplies	1.27		4.30
General Postage	.14		.46
Telephone and Telegraph	.60		2.04
Travel and Entertainment	.44		1.49
Dues and Subscriptions	.15		.52
Donations	.07		.24
Insurance	1.31		4.45
Collection Expense	.07		.26
Other Operating Expense	.77		2.60
Total Operating Expenses		29.52	100.00%
Net Operating Profit		5.06%	
Add Other Income	.73%		
Less Other Expense	(1.91)	(1.18)	
Income Before Income Taxes		3.88%	

SALES BETWEEN
$300,000 - $1,000,000

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.05	
Gross Profit		34.95%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.01%		47.28%
Payroll Taxes	.93		3.13
Licenses and Other Tax	1.02		3.45
Advertising and Promotion	2.52		8.51
Professional Services	.63		2.13
Rent	3.36		11.33
Repair and Maintenance	.39		1.30
Utilities	.87		2.92
Auto and Delivery	.58		1.95
Depreciation	1.20		4.06
Store and Office Supplies	.88		2.98
General Postage	.16		.53
Telephone and Telegraph	.51		1.71
Travel and Entertainment	.50		1.68
Dues and Subscriptions	.12		.42
Donations	.05		.17
Insurance	1.19		4.03
Collection Expense	.16		.56
Other Operating Expense	.55		1.86
Total Operating Expenses		29.63	100.00%
Net Operating Profit		5.32%	
Add Other Income	.72%		
Less Other Expense	(1.63)	(.91)	
Income Before Income Taxes		4.41%	

SALES OVER $1,000,000

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.87	
Gross Profit		34.13%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.01%		52.67%
Payroll Taxes	.95		3.33
Licenses and Other Tax	.81		2.85
Advertising and Promotion	2.36		8.27
Professional Services	.55		1.95
Rent	2.67		9.38
Repair and Maintenance	.31		1.08
Utilities	.77		2.71
Auto and Delivery	.40		1.41
Depreciation	.79		2.78
Store and Office Supplies	.94		3.30
General Postage	.17		.61
Telephone and Telegraph	.42		1.49
Travel and Entertainment	.58		2.03
Dues and Subscriptions	.14		.48
Donations	.03		.09
Insurance	.97		3.41
Collection Expense	.16		.56
Other Operating Expense	.46		1.60
Total Operating Expenses		28.49	100.00%
Net Operating Profit		5.64%	
Add Other Income	1.60%		
Less Other Expense	(1.16)	.44	
Income Before Income Taxes		6.08%	

PRODUCTIVITY RATIOS
BY SALES VOLUME

	Under $300,000	$300,000 to $1,000,000	Over $1,000,000	Total
Total Equivalent Employees	4.0	8.4	31.7	13.4
Sales Per Total Equivalent Employee	$56,948	$77,121	$82,303	$76,464
Profit Per Total Equivalent Employee	$2,209	$3,405	$5,006	$4,152
Total Selling Square Feet	1,873	3,870	13,421	5,691
Sales Per Total Selling Square Foot	$122	$167	$194	$180
Profit Per Total Selling Square Foot	$4.72	$7.39	$11.82	$9.78
Inventory Turnover	2.1	2.1	2.6	2.4
Profit As A Percentage of Sales	3.88	4.41	6.08	5.43

Income Statements & Productivity Ratios

by Profitability

PROFITABILITY

This section presents composite income statements and productivity ratios for low, medium, and high profitability respondents. The groups were divided at 3.5% and 7.5% to produce three groups of equal number of respondents.

The clear pattern that emerges from the income statements is that more profitable firms outperform others in all areas. The highest profit retailers have much larger gross margins (37.2%, 34.8%, and 32.8%, respectively). The large profit firms seem to get a higher price for their goods. They may purchase more cheaply, but this difference is not likely because the high profit firms are not larger than the lower profit ones, based on selling square feet (6,317, 4,699, and 5,536, respectively).

In addition, the high profit retailers have lower operating costs as a percentage of sales (23.8%, 29.1%, 31.4%, respectively). These lower costs appear across the board. However, the most profitable firms spend less proportionately on wages.

Adjustment income and expenses also contribute to profitability. The most profitable group receives a 1.6% contribution, whereas the least profitable group receives a .9% credit. The most profitable firms may have other working assets (e.g., lease out building space) that produce this extra income. The analysis does not account for the investment of capital necessary to produce this income, so no overall productivity measure (ROI - return on investment) is possible. The analysis is limited to profit on sales. Overall, the most profitable firms seem to take advantage in every part of the business.

The productivity analysis supports the idea that profitability is more a function of management than of any particular employee use or space use. High profit retailers do not differ significantly from low profit ones on number of employees, total selling square feet, sales per employee, or sales per selling square foot. But the profit generated from these sales differ dramatically based on pricing strategy, cost control, and inventory management.

PROFIT UNDER 3.5% OF SALES

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		67.25	
Gross Profit		32.75%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.96%		50.83%
Payroll Taxes	.99		3.17
Licenses and Other Tax	.83		2.64
Advertising and Promotion	2.57		8.18
Professional Services	.66		2.09
Rent	3.14		9.99
Repair and Maintenance	.40		1.28
Utilities	.88		2.79
Auto and Delivery	.53		1.70
Depreciation	1.03		3.29
Store and Office Supplies	1.04		3.33
General Postage	.19		.59
Telephone and Telegraph	.49		1.55
Travel and Entertainment	.60		1.92
Dues and Subscriptions	.13		.41
Donations	.05		.15
Insurance	1.17		3.72
Collection Expense	.19		.62
Other Operating Expense	.55		1.75
Total Operating Expenses		31.40	100.00%
Net Operating Profit		1.35%	
Add Other Income	.86%		
Less Other Expense	(1.72)	(.86)	
Income Before Income Taxes		.49%	

PROFIT BETWEEN 3.5%-7.5% OF SALES

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.24	
Gross Profit		34.76%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.75%		50.78%
Payroll Taxes	.87		2.99
Licenses and Other Tax	1.03		3.54
Advertising and Promotion	2.73		9.40
Professional Services	.59		2.02
Rent	2.88		9.89
Repair and Maintenance	.31		1.07
Utilities	.78		2.68
Auto and Delivery	.56		1.91
Depreciation	.81		2.80
Store and Office Supplies	.98		3.37
General Postage	.12		.43
Telephone and Telegraph	.43		1.49
Travel and Entertainment	.55		1.89
Dues and Subscriptions	.09		.30
Donations	.04		.14
Insurance	.99		3.41
Collection Expense	.12		.40
Other Operating Expense	.43		1.49
Total Operating Expenses		29.06	100.00%
Net Operating Profit		5.70%	
Add Other Income	.89%		
Less Other Expense	(1.10)	(.21)	
Income Before Income Taxes		5.49%	

PROFIT OVER 7.5% OF SALES

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		62.82	
Gross Profit		37.18%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	11.49%		48.16%
Payroll Taxes	.86		3.63
Licenses and Other Tax	.88		3.69
Advertising and Promotion	1.86		7.79
Professional Services	.49		2.05
Rent	2.62		10.97
Repair and Maintenance	.26		1.09
Utilities	.76		3.17
Auto and Delivery	.29		1.24
Depreciation	.89		3.74
Store and Office Supplies	.69		2.89
General Postage	.17		.70
Telephone and Telegraph	.42		1.78
Travel and Entertainment	.42		1.76
Dues and Subscriptions	.18		.76
Donations	.02		.08
Insurance	.95		3.99
Collection Expense	.12		.52
Other Operating Expense	.47		1.99
Total Operating Expenses		23.84	100.00%
Net Operating Profit		13.34%	
Add Other Income	2.43%		
Less Other Expense	(.82)	1.61	
Income Before Income Taxes		14.95%	

PRODUCTIVITY RATIOS
BY PROFIT AS A
PERCENTAGE OF SALES

	Under 3.5%	Between 3.5-7.5%	Over 7.5%	Total
Total Equivalent Employees	15.3	9.9	13.6	13.4
Sales Per Total Equivalent Employee	$71,827	$88,609	$76,898	$76,458
Profit Per Total Equivalent Employee	$ 353	$4,868	$11,492	$4,131
Total Selling Square Feet	6,317	4,699	5,536	5,672
Sales Per Total Selling Square Foot	$174	$187	$189	$181
Profit Per Total Selling Square Foot	$0.85	$10.26	$28.23	$9.76
Inventory Turnover	2.3	2.4	3.0	2.4
Profit As A Percentage of Sales	.49	5.49	14.95	5.40

Income Statements & Productivity Ratios

by Number of Stores

NUMBER OF STORES

Of the 320 respondents to this year's Cost of Doing Business Survey, 288 (90%) represent single store retailers. However, the 31 multi-store respondents operate 240 units, so the sample represents 528 retail stores. If a retailers has more than one unit, the average number of stores is 7.74. Over the entire sample, the average number of stores per respondent is 1.47.

Table 4 shows the location of these units. Multi-store retailers are more likely to be in mall locations (20% vs 10%) and less likely to be in free standing buildings (28% vs 33%) than are single unit retailers.

TABLE 4

Location

	Single Store	Multi Store
Total Stores	288	240
Mall	10%	20%
Strip center	24	23
Free standing	33	28
Downtown	28	25
Other	5	4
	100%	100%

The composite income statements show that single store retailers out-earned multi-store units (6.1% to 4.7%). Even though gross margin was about half a percent lower, operating expenses were considerably lower (27.4% to 30.3%). Expenses are generally lower across the board. The multi-store retailers did have a positive adjustment from other income, whereas the single stores had a negative adjustment.

The summary comparison of 1982 to 1980 income categories shows that both types of stores had a one percent profit improvement. The one-store improvement comes from increased gross margin, and the multi-store increase comes mainly from adjustments and reduced operating expenses.

TABLE 5

Number of Stores

	One Store		Multi Store	
	1982	1980	1982	1980
Gross Profit	34.01	32.77	34.69	34.93
Total Operating Expenses	27.42	27.15	30.25	30.79
Net Operating Profit	6.59	5.62	4.44	4.14
Adjustments	(.47)	(.50)	.30	(.37)
Income Before Income Taxes	6.12	5.12	4.74	3.77

ONE STORE

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.99	
Gross Profit		34.01%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	13.89%		50.63%
Payroll Taxes	.92		3.34
Licenses and Other Tax	.90		3.29
Advertising and Promotion	2.24		8.17
Professional Services	.55		2.01
Rent	2.58		9.40
Repair and Maintenance	.34		1.24
Utilities	.80		2.92
Auto and Delivery	.51		1.86
Depreciation	.89		3.25
Store and Office Supplies	.88		3.21
General Postage	.15		.54
Telephone and Telegraph	.40		1.47
Travel and Entertainment	.54		1.98
Dues and Subscriptions	.10		.38
Donations	.03		.11
Insurance	1.10		4.01
Collection Expense	.11		.39
Other Operating Expense	.49		1.80
Total Operating Expenses		27.42	100.00%
Net Operating Profit		6.59%	
Add Other Income	.80%		
Less Other Expense	(1.27)	(.47)	
Income Before Income Taxes		6.12%	

MORE THAN ONE STORE

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.31	
Gross Profit		34.69%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.10%		49.91%
Payroll Taxes	.94		3.13
Licenses and Other Tax	.88		2.91
Advertising and Promotion	2.58		8.56
Professional Services	.63		2.09
Rent	3.27		10.84
Repair and Maintenance	.35		1.15
Utilities	.86		2.80
Auto and Delivery	.45		1.47
Depreciation	1.00		3.29
Store and Office Supplies	.99		3.27
General Postage	.18		.59
Telephone and Telegraph	.51		1.68
Travel and Entertainment	.54		1.79
Dues and Subscriptions	.17		.53
Donations	.04		.16
Insurance	1.04		3.46
Collection Expense	.21		.68
Other Operating Expense	.51		1.69
Total Operating Expenses		30.25	100.00%
Net Operating Profit		4.44%	
Add Other Income	1.71%		
Less Other Expense	(1.41)	.30	
Income Before Income Taxes		4.74%	

PRODUCTIVITY RATIOS
BY NUMBER OF STORES

	One Store	Multi-Store	Total
Total Equivalent Employees	8.1	25.6	13.4
Sales Per Total Equivalent Employee	$85,090	$73,146	$76,626
Profit Per Total Equivalent Employee	$5,214	$3,467	$4,142
Total Selling Square Feet	3,525	11,187	5,672
Sales Per Total Selling Square Foot	$196	$167	$181
Profit Per Total Selling Square Foot	$11.98	$7.93	$9.79
Inventory Turnover	2.5	2.3	2.4
Profit As A Percentage of Sales	6.12	4.74	5.41

Income Statements & Productivity Ratios

by Selling Space

Only single store respondents were used in the analysis in this section to make store-to-store comparisons useful. Half of the respondents have less than 2,200 total selling square feet, 38% have between 2,200 and 5,000 total selling square feet, and 12% have over 5,000 total selling square feet.

The composite income statements were calculated for single stores with less than 2,200 total selling square feet and those with over 2,200 total selling square feet. Larger square footage stores outperformed smaller one by 2.4% profit on sales. Larger stores had larger gross margins (34.8% vs 31.6%) and also higher operating expenses (26.5% vs 27.6%). Expenses were higher largely due to salaries and wages. As a percentage of total operating expenses, larger stores pay more for salaries and less for rent.

The profitability figures indicate that larger stores produce higher sales and profit per employee. On the other hand, smaller stores sell more per square foot of selling space. Apparently, larger stores use people well and smaller stores use space well. The edge on inventory turnover is in favor of large stores (2.6 vs 2.4).

UNDER 2,200 SELLING SQUARE FEET

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		68.38	
Gross Profit		31.62%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	12.02%		45.47%
Payroll Taxes	.71		2.67
Licenses and Other Tax	1.07		4.07
Advertising and Promotion	2.02		7.65
Professional Services	.71		2.68
Rent	2.82		10.67
Repair and Maintenance	.40		1.52
Utilities	.77		2.90
Auto and Delivery	.66		2.50
Depreciation	.93		3.51
Store and Office Supplies	.94		3.57
General Postage	.19		.73
Telephone and Telegraph	.51		1.94
Travel and Entertainment	.55		2.09
Dues and Subscriptions	.15		.44
Donations	.04		.15
Insurance	1.04		3.95
Collection Expense	.14		.52
Other Operating Expense	.78		2.97
Total Operating Expenses		26.45	100.00%
Net Operating Profit		5.17%	
Add Other Income	.59%		
Less Other Expense	(1.32)	(.73)	
Income Before Income Taxes		4.44%	

OVER 2,200 SELLING SQUARE FEET

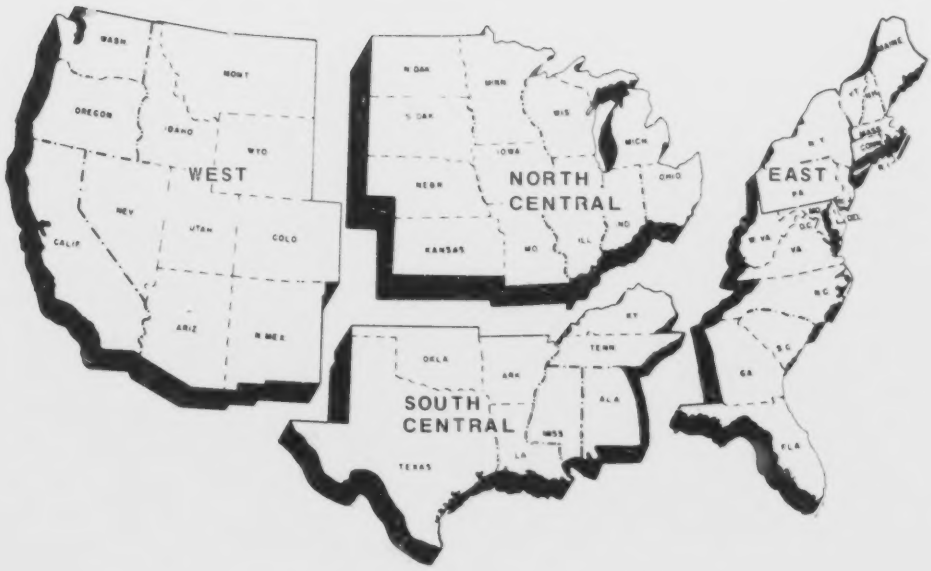
		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.16	
Gross Profit		34.84%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.44%		52.31%
Payroll Taxes	.99		3.58
Licenses and Other Tax	.85		3.08
Advertising and Promotion	2.33		8.45
Professional Services	.50		1.80
Rent	2.48		8.99
Repair and Maintenance	.32		1.14
Utilities	.81		2.92
Auto and Delivery	.43		1.56
Depreciation	.86		3.13
Store and Office Supplies	.86		3.13
General Postage	.13		.47
Telephone and Telegraph	.37		1.32
Travel and Entertainment	.53		1.92
Dues and Subscriptions	.10		.36
Donations	.03		.09
Insurance	1.10		3.99
Collection Expense	.09		.33
Other Operating Expense	.79		1.43
Total Operating Expenses		27.61	100.00%
Net Operating Profit		7.23%	
Add Other Income	.88%		
Less Other Expense	(1.25)	(.37)	
Income Before Income Taxes		6.86%	

PRODUCTIVITY RATIOS
BY SELLING SQUARE FOOTAGE

	Under 2200 Square Feet	Over 2200 Square Feet	Total
Total Equivalent Employees	4.7	11.3	8.1
Sales Per Total Equivalent Employee	$77,371	$91,943	$84,524
Profit Per Total Equivalent Employee	$3,437	$6,311	$5,253
Total Selling Square Feet	1,387	5,701	3,525
Sales Per Total Selling Square Foot	$262	$177	$194
Profit Per Total Selling Square Foot	$11.65	$12.17	$12.07
Inventory Turnover	2.4	2.6	2.5
Profit As A Percentage of Sales	4.44	6.86	6.22

Income Statements & Productivity Ratios

by Region of the Country



REGION

Table 6 shows a comparison of 1980 and 1982 operating totals for NSGA respondents by region. All regions showed gains over 1982, with the Eastern region showing the largest profit as a percentage of sales. The North Central region showed the largest increase in profit percentage, with improved margin and reduced costs.

TABLE 6

Region

	Western		North Central		Eastern		South Central	
	1982	1980	1982	1980	1982	1980	1982	1980
Gross Profit	36.57	36.22	34.38	33.10	32.59	33.09	33.16	32.25
Total Operating Expenses	29.82	31.39	28.70	29.18	25.01	26.38	29.49	27.58
Net Operating Profit	6.75	4.83	5.68	3.92	7.58	6.71	3.67	4.67
Adjustments	(.19)	.18	(.64)	(.61)	(.25)	(.83)	.56	(.72)
Income Before Income Taxes	6.56	5.01	5.04	3.31	7.33	5.88	4.23	3.95

In 1982, the largest margins were reported in the West and the lowest in the East. Operating expenses were between 28% an 30% of sales throughout the country, except in thbe East where they were only 25%. The lower costs of doing business more than offset the lower margin in the East to produce the highest regional profit. The lower costs in the East seem to come from lower advertising, rent and depreciation expenses.

THE WESTERN REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		63.43	
Gross Profit		36.57%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	13.93%		46.72%
Payroll Taxes	1.13		3.80
Licenses and Other Tax	.78		2.62
Advertising and Promotion	2.61		8.74
Professional Services	.82		2.74
Rent	3.87		12.99
Repair and Maintenance	.37		1.24
Utilities	.78		2.62
Auto and Delivery	.45		1.51
Depreciation	1.09		3.66
Store and Office Supplies	1.04		3.48
General Postage	.18		.60
Telephone and Telegraph	.49		1.64
Travel and Entertainment	.52		1.73
Dues and Subscriptions	.19		.64
Donations	.03		.09
Insurance	1.11		3.74
Collection Expense	.09		.31
Other Operating Expense	.34		1.13
Total Operating Expenses		29.82	100.00%
Net Operating Profit		6.75%	
Add Other Income	1.21%		
Less Other Expense	(1.40)	(.19)	
Income Before Income Taxes		6.56%	

THE NORTH CENTRAL REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.62	
Gross Profit		34.38%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.78%		51.53%
Payroll Taxes	.95		3.31
Licenses and Other Tax	.89		3.10
Advertising and Promotion	2.45		8.54
Professional Services	.48		1.65
Rent	2.79		9.72
Repair and Maintenance	.31		1.07
Utilities	.90		3.15
Auto and Delivery	.39		1.36
Depreciation	.79		2.74
Store and Office Supplies	.95		3.30
General Postage	.16		.57
Telephone and Telegraph	.45		1.57
Travel and Entertainment	.52		1.81
Dues and Subscriptions	.09		.31
Donations	.02		.08
Insurance	.99		3.44
Collection Expense	.06		.22
Other Operating Expense	.73		2.53
Total Operating Expenses		28.70	100.00%
Net Operating Profit		5.68%	
Add Other Income	.55%		
Less Other Expense	(1.19)	(.64)	
Income Before Income Taxes		5.04%	

THE EASTERN REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		67.41	
Gross Profit		32.59%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	13.84%		55.32%
Payroll Taxes	.66		2.64
Licenses and Other Tax	.95		3.80
Advertising and Promotion	1.56		6.25
Professional Services	.50		2.01
Rent	2.07		8.26
Repair and Maintenance	.35		1.39
Utilities	.76		3.02
Auto and Delivery	.35		1.41
Depreciation	.83		3.33
Store and Office Supplies	.66		2.62
General Postage	.06		.25
Telephone and Telegraph	.32		1.29
Travel and Entertainment	.28		1.13
Dues and Subscriptions	.09		.35
Donations	.04		.17
Insurance	1.08		4.31
Collection Expense	.08		.32
Other Operating Expense	.53		2.13
Total Operating Expenses		25.01	100.00%
Net Operating Profit		7.58%	
Add Other Income	.70%		
Less Other Expense	(.95)	(.25)	
Income Before Income Taxes		7.33%	

THE SOUTH CENTRAL REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		66.84	
Gross Profit		33.16%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.97%		50.74%
Payroll Taxes	.84		2.85
Licenses and Other Tax	.95		3.23
Advertising and Promotion	2.51		8.52
Professional Services	.55		1.88
Rent	2.60		8.80
Repair and Maintenance	.35		1.20
Utilities	.81		2.74
Auto and Delivery	.60		2.04
Depreciation	.99		3.37
Store and Office Supplies	.93		3.16
General Postage	.19		.64
Telephone and Telegraph	.48		1.63
Travel and Entertainment	.66		2.24
Dues and Subscriptions	.14		.47
Donations	.06		.19
Insurance	1.11		3.76
Collection Expense	.31		1.05
Other Operating Expense	.44		1.49
Total Operating Expenses		29.49	100.00%
Net Operating Profit		3.67%	
Add Other Income	2.09%		
Less Other Expense	(1.53)	.56	
Income Before Income Taxes		4.23%	

PRODUCTIVITY RATIOS
BY REGION

	Western	North Central	Eastern	South Central	Total
Total Equivalent Employees	13.9	14.7	9.8	13.1	13.7
Sales Per Total Equivalent Employee	$72,754	$74,759	$92,029	$77,772	$74,761
Profit Per Total Equivalent Employee	$4,776	$3,769	$6,737	$3,292	$4,041
Total Selling Square Feet	5,602	6,411	3,724	5,826	5,672
Sales Per Total Selling Square Foot	$181	$171	$242	$175	$181
Profit Per Total Selling Square Foot	$11.85	$8.64	$17.73	$7.40	$9.76
Inventory Turnover	2.2	2.6	4.0	2.2	2.4
Profit As A Percentage of Sales	6.56	5.04	7.33	4.23	5.40

Income Statements & Productivity Ratios

by Full Line vs. Specialty

TYPE OF STORE

This section reports cost of doing business for full line retailers (59% of respondents) and specialty retailers (41% of respondents).

Both full line and specialty sporting goods retailers show profit gains over 1980 (Table 7). For full line stores, the gains are from increased margins and adjustments. Specialty dealers had increased margins and reduced operating expenses.

TABLE 7

Full Line vs Specialty

	Full Line		Specialty	
	1982	1980	1982	1980
Gross Profit	33.78	33.14	35.82	35.18
Total Operating Expenses	28.45	28.39	29.84	30.63
Net Operating Profit	5.33	4.75	5.98	4.55
Adjustments	(.05)	(.68)	(.18)	.04
Income Before Income Taxes	5.28	4.07	5.80	4.59

Comparing the 1982 figures, full line stores have smaller margins than specialty stores (33.8% vs 35.8%), but total operating expenses are lower (28.5% vs 29.8%). Salaries are higher for full line retailers, but rent and depreciation are lower. The productivity ratios indicate that full line stores are larger and generate more sales and profit per employee, whereas specialty stores produce more sales and profit per square foot of selling space. Apparently, full line stores are able to shift employees efficiently from department to department. Specialty stores, because they are smaller (3,503 selling square feet vs 7,127 selling square feet) achieve more efficient use of selling space.

FULL LINE
SPORTING GOODS STORES

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		66.22	
Gross Profit		33.78%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.69%		51.63%
Payroll Taxes	.92		3.22
Licenses and Other Tax	.92		3.23
Advertising and Promotion	2.36		8.31
Professional Services	.56		1.98
Rent	2.70		9.48
Repair and Maintenance	.32		1.13
Utilities	.82		2.88
Auto and Delivery	.45		1.58
Depreciation	.88		3.10
Store and Office Supplies	.89		3.11
General Postage	.15		.54
Telephone and Telegraph	.42		1.47
Travel and Entertainment	.54		1.91
Dues and Subscriptions	.11		.38
Insurance	1.08		3.77
Collection Expense	.18		.65
Other Operating Expense	.42		1.49
Total Operating Expenses		28.45	100.00%
Net Operating Profit		5.33%	
Add Other Income	1.23%		
Less Other Expense	(1.28)	(.05)	
Income Before Income Taxes		5.28%	

SPECIALTY
SPORTING GOODS STORES

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		64.18	
Gross Profit		35.82%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	13.77%		46.14%
Payroll Taxes	.96		3.21
Licenses and Other Tax	.81		2.72
Advertising and Promotion	2.59		8.68
Professional Services	.67		2.24
Rent	3.69		12.37
Repair and Maintenance	.41		1.37
Utilities	.83		2.78
Auto and Delivery	.55		1.86
Depreciation	1.11		3.70
Store and Office Supplies	1.09		3.64
General Postage	.21		.70
Telephone and Telegraph	.57		1.92
Travel and Entertainment	.54		1.79
Dues and Subscriptions	.20		.68
Donations	.03		.10
Insurance	1.00		3.38
Collection Expense	.07		.23
Other Operating Expense	.74		2.49
Total Operating Expenses		29.84	100.00%
Net Operating Profit		5.98%	
Add Other Income	1.35%		
Less Other Expense	(1.53)	(.18)	
Income Before Income Taxes		5.80%	

PRODUCTIVITY RATIOS
BY TYPE OF STORE

	Full Line	Specialty	Total
Total Equivalent Employees	16.0	9.5	13.3
Sales Per Total Equivalent Employee	$79,642	$68,469	$76,783
Profit Per Total Equivalent Employee	$4,210	$3,974	$4,162
Total Selling Square Feet	7,127	3,503	5,640
Sales Per Total Selling Square Foot	$179	$186	$181
Profit Per Total Selling Square Foot	$9.45	$10.78	$9.81
Inventory Turnover	2.4	2.4	2.4
Profit As A Percentage of Sales	5.28	5.80	5.42

Income Statements & Productivity Ratios

by Amount of Team Business

AMOUNT OF TEAM BUSINESS
(Full line retailers only)

In the breakdown of the respondents by the percentage of sales that comes from team business, 38% have less than 10% team business, 21% have between 10%-24%, and 41% have more than 25%.

Table 8 compares retailers who do less team business (under 25%) to those who do more (at least 25%) with respect to changes since 1980. The heavy team retailers have little change in profitability (3.8% vs 3.6%), but those who do less team business had a substantial gain (6.7% vs 4.5%). The gain is largely attributed to lower operating costs (27.8% vs 29.2%), but margins improved slightly also (34.8% vs 34.1%).

TABLE 8

Amount of Team Business

	Less Than 25% Team		At Least 25% Team	
	1982	1980	1982	1980
Gross Profit	34.81	34.13	32.68	32.09
Total Operating Expenses	27.80	29.18	29.15	27.54
Net Operating Profit	7.01	4.94	3.53	4.55
Adjustments	(.34)	(.48)	.28	(.93)
Income Before Income Taxes	6.67	4.47	3.81	3.62

The 1982 figures from the complete composite operating statements show the higher profit for non-team dealers (6.7% vs 3.8%) comes from higher margins (34.8% vs 32.7%) and lower costs (27.8% vs 29.2%). Salaries are lower for non-team dealers (14% vs 15.5%), but rent and depreciation are slightly higher (3.8% vs 3.3%).

The productivity per employee is higher for non-team dealers, but team dealers sell more per square foot. However, the profit per selling square foot clearly favor the non-team business ($11.62 vs $6.97).

LESS THAN 25%
TEAM BUSINESS

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.19	
Gross Profit		34.81%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	13.95%		50.20%
Payroll Taxes	1.05		3.76
Licenses and Other Tax	.68		2.44
Advertising and Promotion	2.78		9.99
Professional Services	.64		2.31
Rent	2.91		10.50
Repair and Maintenance	.33		1.18
Utilities	.83		2.98
Auto and Delivery	.37		1.33
Depreciation	.93		3.35
Store and Office Supplies	.80		2.86
General Postage	.11		.38
Telephone and Telegraph	.34		1.24
Travel and Entertainment	.35		1.26
Dues and Subscriptions	.10		.35
Donations	.05		.16
Insurance	.98		3.53
Collection Expense	.17		.63
Other Operating Expense	.43		1.55
Total Operating Expenses		27.80	100.00%
Net Operating Profit		7.01%	
Add Other Income	.96%		
Less Other Expense	(1.30)	(.34)	
Income Before Income Taxes		6.67%	

AT LEAST 25%
TEAM BUSINESS

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		67.32	
Gross Profit		32.68%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.46%		53.07%
Payroll Taxes	.78		2.66
Licenses and Other Tax	1.18		4.04
Advertising and Promotion	1.92		6.57
Professional Services	.48		1.64
Rent	2.44		8.42
Repair and Maintenance	.32		1.09
Utilities	.81		2.78
Auto and Delivery	.54		1.85
Depreciation	.83		2.85
Store and Office Supplies	.98		3.36
General Postage	.21		.71
Telephone and Telegraph	.50		1.70
Travel and Entertainment	.76		2.59
Dues and Subscriptions	.12		.42
Donations	.03		.12
Insurance	1.17		4.03
Collection Expense	.20		.67
Other Operating Expense	.42		1.43
Total Operating Expenses		29.15	100.00%
Net Operating Profit		3.53%	
Add Other Income	1.53%		
Less Other Expense	(1.25)	.28	
Income Before Income Taxes		3.81%	

PRODUCTIVITY RATIOS FOR
TEAM AND NON TEAM STORES

	Team	Non Team	Total
Total Equivalent Employees	16.4	15.6	16.0
Sales Per Total Equivalent Employee	$76,037	$83,376	$79,642
Profit Per Total Equivalent Employee	$2,889	$5,560	$4,210
Total Selling Square Feet	6,794	7,463	7,127
Sales Per Total Selling Square Foot	$184	$174	$179
Profit Per Total Selling Square Foot	$ 6.97	$11.62	$9.45
Inventory Turnover	2.5	2.4	2.4
Profit As A Percentage of Sales	3.81	6.67	5.29

WORKSHEETS

The following pages provide a format for you to compare your business to group averages for other NSGA member businesses. Comparison can be made by sales, profit, number of stores, selling space (single stores only), region, type of store, and team/non-team business (full line only).

The first two worksheets let you compare operating statements on percentage of net sales and percentage of total operating expenses, respectively. The last worksheet lets you look more closely at different productivity measures of two very important operating items: wages and rent. Inventory turnover and profitability are also included.

Instructions for Percentage of Net Sales Worksheet

YOUR 1982 DOLLAR RESULTS
Record the dollar amounts from your 1982 operating statement in column 1.

YOUR 1982 PERCENTAGES OF SALES
Convert your 1982 dollar results to percentages by dividing each dollar item in column 1 by your total net sales. Record these percentages in column 2.

SALES
Record the percentage of sales for each item from your net sales group average in column 3. (Page 9)

PROFIT
Record the percentage of sales for each item from your profit category group average in column 4. (Page 17)

NUMBER OF STORES
Record the percentage of sales for each item from your number of stores group average in column 5. (Page 23)

SPACE
Record the percentage of sales for each item from your square footage group average in column 6. (Page 29)

REGION
Record the percentage of sales for each item from your region's group average in column 7. (Page 33)

TYPE OF STORE
Record the percentage of sales for each item from your type of store group average in column 9. (Page 40)

TEAM (full line retailers only)
Record the percentage of sales for each item from your team sales group average in column 9. (Page 45)

Now you can compare your expenses as net sales percentages with those of other NSGA retailers across the various categories.

WORKSHEET FOR PERCENTAGE OF NET SALES

	1 Sales $	2 Sales %	3 Sales	4 Profit	5 Stores	6 Space	7 Region	8 Type	9 Team
Net Sales									
Less Cost of Goods Sold	$								
Gross Profit									
Operating Expenses									
Salaries & Wages									
Payroll Taxes									
Licenses & Other Tax									
Advertising & Promo									
Professional Services									
Rent									
Repair & Maintenance									
Utilities									
Auto & Delivery									
Depreciation									
Store & Office Supplies									
General Postage									
Telephone & Telegraph									
Travel & Entertainment									
Dues & Subscriptions									
Donations									
Insurance									
Collection Expense									
Other Operating Expense									
Total Expenses									
Net Operating Profit									
Add Other Income									
Less Other Expense									
Income Before Taxes									

Instructions for Percent of Total Operating Expenses Worksheet

YOUR 1982 OPERATING EXPENSES
Record the dollar amounts from your 1982 operating statement in column 1.

YOUR 1982 PERCENTAGES OF TOTAL OPERATING EXPENSES
Divide each operating expense item by total operating expenses. Record the results in column 2. These percentages should add up to 100.

SALES
Record the percentage of total operating expenses for each item from your group average of net sales for 1982 in column 5. (Page 9)

PROFIT
Record the percentage of total operating expenses for each item from your profit category group average in column 4. (Page17)

NUMBER OF STORES
Record the percentage of total operating expense for each item from the group average for your number of stores in column 5. (Page 23)

SPACE (single stores only)
Record the percentage of total operating expenses for each item from your square footage category group average in column 6. (Page 29)

REGION
Record the percentage of total operating expense for each item from your region's group average in column 7. (Page 33)

TYPE OF STORE
Record the percentage of total operating expense for each item from your type of store group average in column 8. (Page 40)

TEAM (full line retailers only)
Record the percentage of total operating expense for each item from your team sales group average in column 9. (Page 45)

Now you can compare your expenses as percentages of total operating expenses with those of other NSGA retailers across the various categories.

WORKSHEET FOR PERCENTAGE OF TOTAL EXPENSES

	1 Expense $	2 Expense %	3 Sales	4 Profit	5 Stores	6 Space	7 Region	8 Type	9 Team
Operating Expenses									
Salaries & Wages									
Payroll Taxes									
Licenses & Other Tax									
Advertising & Promo									
Professional Services									
Rent									
Repair & Maintenance									
Utilities									
Auto & Delivery									
Depreciation									
Store & Office Supplies									
General Postage									
Telephone & Telegraph									
Travel & Entertainment									
Dues & Subscriptions									
Donations									
Insurance									
Collection Expense									
Other Operating Expense									
Total Expenses	$	100%	100%	100%	100%	100%	100%	100%	100%

Instructions for Productivity Measures Worksheet

FULL TIME EQUIVALENT EMPLOYEES

Multiply the total number of part time employees in your business by the average number of hours worked per week and divide this amount by 40. This converts part time employees to full time equivalents.

_____	x	_____	=	_____	÷ 40 =	_____
Number of Part Time Employees		Average Hours				Full Time Equivalents

TOTAL EQUIVALENT EMPLOYEES

Add full time employees and full time equivalents.

_____	+	_____	=	_____
Number of Full Time Employees		Full Time Equivalents		Total Equivalent Employees

SALES PER TOTAL EQUIVALENT EMPLOYEE

Divide net sales by total equivalent employees.

$_____	÷	_____	=	$_____
Net Sales		Total Equivalent Employees		Sales per Total Equivalent Employee

PROFIT PER TOTAL EQUIVALENT EMPLOYEE

Divide net operating profit (dollars) by total equivalent employees

$_____	÷	_____	=	_____
Net Operating Profit		Total Equivalent Employees		Profit per Total Equivalent Employee

SALES PER TOTAL SELLING SQUARE FOOT

Divide net sales by the total selling square footage of your business

$				$
Net Sales	÷	Total Selling Square Footage	=	Sales per Selling Square Foot

PROFIT PER TOTAL SELLING SQUARE FOOT

Divide net operating profit (dollars) by the total selling square footage of your business.

$				$
Net Operating Profit	÷	Total Selling Square Footage	=	Profit per Selling Square Foot

INVENTORY TURNOVER

Divide net sales by ending inventory. See page 7 for limitations of this measure.

$		$		
Net Sales	÷	Ending Inventory	=	Inventory Turnover

Enter the answers obtained from these calculations in Column 1 of the Productivity Measures Worksheet. To complete the worksheet, simply enter the group productivity averages for your sales, profit, number of stores, size of store, type of store, region, and team sales. Now compare your results to these group averages.

WORKSHEET FOR PRODUCTIVITY MEASURES

	Your Ratios	Sales	Profit	Number of Stores	Space	Region	Type	Team
Total Equivalent Employees								
Sales Per Total Equivalent Employee								
Profit Per Total Equivalent Employee								
Total Selling Square Feet								
Sales Per Total Selling Square Foot								
Profit Per Total Selling Square Foot								
Inventory Turnover								
Profit As A Percentage of Sales								

MISCELLANEOUS ITEM CODING

ACCOUNTING ITEM	CODE
Loss on Fixed Assets	+ Other Expense
Penalties	+ Licenses & Other Tax
Employee Retirement Plan	+ Salary
Discounts	- Sales
Bank Charges	+ Store & Office Supplies
Organization Expense	+ Professional Fees
Miscellaneous	+ Other Operating Expense
Cash Short	- Other Operating Expense
Cash Over	+ Sales
Cash Variation	+,- Sales
Returns & Allowances	- Sales
Cash Refunds	- Sales
Interest Expense	+ Other Expense
Medical Reimbursement	+ Insurance
Bonuses	+ Salary
Master Charge	+ Travel & Entertainment
Register Rent	+ Rent
Charge Card Debit	+ Travel & Entertainment
Freight, Freight In	+ Cost of Goods Sold
Freight Out	+ Auto & Delivery Expense
Equipment Lease	+ Rent
Fees Credit Card Sales	- Sales
Employee Benefits	+ Salaries & Wages
Credit Card Discount	- Sales
Contribution to Profit Sharing	+ Salary
Bad Debits	+ Collection Expense
Bad Checks	+ Collection Expense
Vending Supplies	+ Cost of Goods Sold
Amortization	+ Depreciation
Employee Relations	+ Office Supplies
Transfers	+ Auto & Delivery
Profit Sharing	+ Salary
Employee Welfare	+ Salary
Damages & Claims	+ Other Expenses
Royalties Paid	+ Other Operating Expenses
Compensation	+ Salary
Refunds/Commissions	- Sales
Education & Development	+ Other Operating Expenses

Note: "+" means the accounting item has been added under this coding; "-" means the item has been subtracted under this coding.

FOR THE FIRST TIME...

A *do it yourself* workbook that will show *you* how to design your sporting goods store to maximize profits... *without spending a fortune.*

Remodeling? Expanding? Opening a New Store?

Then this workbook is for you!

Let professional designer John Chipman take you through the same steps that he goes through when he plans and designs a sporting goods store.

You will be shown how to make the right decisions regarding:

- fixtures
- floor coverings
- lighting
- allocation of floor space
- ceilings
- wall finishes
- colors
- use of investment tax credits

- ► Why standard flourescent bulbs are not the best choice for lighting. (p. 56)
- ► What is the major mistake retailers make regarding their store entrance. (p. 42)
- ► Why locating your cash register at the store entrance does not usually provide the best overall security. (p. 23)
- ► Why the color of your floor should be darker than the color of your ceiling and walls. (p. 60)
- ► The ideal aisle width (p. 43)
- ► Why many times it pays to keep low profit departments. (p. 17)
- ► The best paint to use. (p. 53)
- ► How to take advantage of investment tax credits. (p. 62)
- ► Where *not* to locate mirrors in your store. (p. 43)
- ► Selecting a contractor—which agreement is best? (p. 65)
- ► How to use your perimeter walls to maximize your merchandising. (p. 51)
- ► What ceiling height is required before you can consider using HID lighting. (p. 55)
- ► How selecting the right color floor can actually save you money. (p. 60)
- ► The only type of carpeting you should consider. (p. 57)
- ► Where to locate your best selling merchandise to improve the sales of your slower selling lines without hurting your best selling merchandise. (p. 52)
- ► Advantages of the new low voltage lighting systems. (p. 57)

Your workbook includes:

- ★ scale fixture cutouts
- ★ complete questionnaire
- ★ materials for designing your own floor plan
- ★ sales graphs
- ★ sales per square foot analyzing forms
- ★ profit per square foot analyzing forms

This book comes with a 30-day "No-Risk" Guarantee

NSGA Member price: $35.00
Non-NSGA Member price: $65.00
I have enclosed a check for
_____ for
"Store Planning Workbook for the Sporting Goods Retailer"

☐ MasterCard ☐ Visa

Card No _____

Expiration Date _____

Send to

Name _____

Title _____

Company _____

Address _____

City/State/Zip _____

Mail to:
National Sporting Goods Association
1699 Wall Street
Mt. Prospect, Illinois 60056

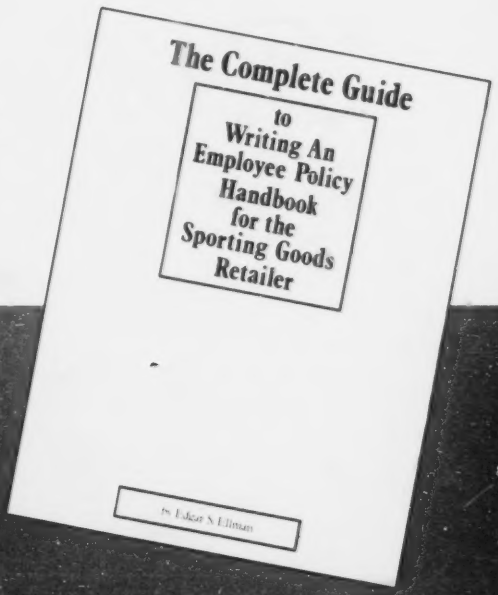
☐ Send me information on NSGA membership.

BEST COPY AVAILABLE

Here's the easiest way to write an employee policy handbook for your retail sporting goods business.

The Complete Guide to Writing An Employee Policy Handbook for the Sporting Goods Retailer

by Edgar S. Ellman
126 pages



Sporting Goods Retailers *must* put their personnel policies in writing to:

- Increase employee security
- Improve job adjustment
- Avoid civil rights complaints
- Save management's time

This book guarantees these benefits and *much more.*

It is a start-to-finish fill-in-the blanks workbook for formalizing custom made policies.

With the expert guidance of author/consultant Ed Ellman, *YOU* will create a manual to take the burden of personnel administration off your shoulders.

Just fill in the blanks, and you will have prepared a manual that will cover the following:

- salary and promotion reviews
- discipline
- grievances
- insurance procedures
- pensions
- maternity leave
- garnishments
- bonding
- dress codes
- employee discounts
- overtime pay
- use of telephones
- severance pay
- docking for tardiness
- sick leave
- vacation days
- paid holidays
- coffee breaks
- and much more.

30 Day Unconditional Money Back Guarantee

BEST COPY AVAILABLE

NSGA Member price: $30.00
Non-NSGA Member price: $60.00
I have enclosed a check for _____ for "The Complete Guide to Writing an Employee Policy Handbook for the Sporting Goods Retailer"

☐ MasterCard ☐ Visa

Card No _____

Expiration Date _____

Send to:

Name _____

Title _____

Company _____

Address _____

City/State/Zip _____

Mail to:
National Sporting Goods Association
1699 Wall Street
Mt. Prospect, Illinois 60056

☐ Send me information on NSGA membership.